

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Extended Study Session

July 8, 2002  
6:00 p.m.

Council Conference Room  
Bellevue, Washington

PRESENT: Mayor Marshall, Councilmembers Creighton, Lee, Mosher, and Noble

ABSENT: Deputy Mayor Degginger and Councilmember Davidson

1. Executive Session

Mayor Marshall opened the meeting at 6:00 p.m. and announced recess to executive session for approximately 30 minutes to discuss two items of property acquisition.

The study session resumed at 7:10 p.m. with Mayor Marshall presiding.

2. Oral Communications

- (a) Bill Serr presented his weekly report to Council. He described a section along Lake Hills Connector that has no sidewalk and noted he was told 25 years ago a sidewalk was planned. He recommended mowing a grassy section in the same area during the summer to avoid the potential for fires. He noted concerns regarding bus turnout lanes and shelters, the wet spot on the west side of 148<sup>th</sup> Avenue near Larson Lake, pedestrian safety along the Richards Road construction project, and other questions listed in his written submittal.
- (b) Barbara Yarrington spoke on behalf of Gold Creek Incorporated, developers of Cougar Ridge East, in reference to agenda item 3(d). Gold Creek has asked the City to approve latecomer agreements that will allow the developer to be reimbursed for off-site roadway improvements by future developers of adjacent parcels. She understands that another developer contested assessment on their project by Cougar Ridge East. Ms. Yarrington asked Council to consider establishing this procedure to allow developers to be reimbursed for roadway improvements that benefit adjacent property owners and developers. She explained that it was necessary to wait until construction was completed so the assessments could be based on actual costs.

3. Study Session

(a) Council New Initiatives

Mr. Lee serves on a regional committee called Reinvest in Youth, which is focused on crime prevention and restructuring funding for the juvenile justice system. The committee is raising money from public and private sources to conduct research of model programs around the country. The current budget is approximately \$200,000 with the City of Seattle providing \$100,000 and King County providing \$50,000. The committee is seeking additional funding from regional cities. Mr. Lee would like to allow the Reinvest in Youth committee to compete for Bellevue funds through the Human Services Commission process.

Mr. Mosher expressed support for youth programs and for the committee's ability to compete for funding.

Mr. Lee clarified that the committee does not provide programs and services. Rather, it addresses the question of systematic funding for youth programs and the importance of prevention services.

Mr. Noble feels a separate study by the Human Services Commission would be more appropriate than direct funding, which traditionally is provided to service providers.

Mr. Creighton concurred noting he is unsure whether this falls more appropriately into Human Services or Parks Department services. He said Bellevue's share of the requested \$50,000 would be \$4,000 to \$5,000. He noted this issue was raised at the Regional Policy Committee when he served on the committee four years ago.

Mayor Marshall asked staff to determine whether the Human Services Commission would like to make a recommendation after hearing Mr. Street's presentation.

(b) Parks and Open Space Bond Issue Draft Ordinance

City Manager Steve Sarkozy recalled Council's ongoing discussion of a parks and open space bond package to enhance the City's park system and to preserve open spaces. On July 1, Council approved a final park acquisition and development package of \$68 million and an annual \$645,000 maintenance and operations levy.

Parks and Community Services Director Patrick Foran asked Jay Reich, legal counsel, to review the draft ordinance.

Mr. Reich said the ordinance submits two propositions to Bellevue voters on September 17, 2002: 1) authorization of general obligation bonds in an amount not to exceed \$68 million, and 2) proposal to impose a property tax levy of approximately three cents per \$1,000 assessed valuation for maintenance and operations costs associated with bond items. The \$68 million will be used to provide capital improvements to the existing park system under the twelve categories outlined in the ordinance.

Mr. Reich said statute requires the ordinance and voter initiative to include specific information about the use of the money. However, projects identified in the ordinance are intended as examples and the ordinance language provides sufficient flexibility to deal with the practicalities and limitations of the funds. The ordinance is intended to provide enough information upon which voters can make a decision while allowing flexibility and discretion for the City to prioritize and implement projects. The \$68 million includes the cost of issuing the bonds and all related costs.

Mr. Reich said the bonds are payable from property taxes over a 20-year period. The maintenance and operations levy is designed to raise \$645,000 annually based on 3 cents per \$1,000 assessed valuation in the first year. As property values increase in the future, the percentage could actually decline as long as \$645,000 is raised annually. The \$68 million bond requires 60% voter approval and the maintenance and operations levy requires a simple majority. He said the M&O levy funds are not limited in use to the bond items.

Responding to Mr. Lee, Mr. Reich said if the bond measure passes but the levy fails, Council is not obligated to issue the bonds.

Referring to item 7 in the list of 12 items to be covered by the bond measure (Page 3-5 of Council packet), Mayor Marshall suggested the following addition: Develop a community park in the Eastgate Subarea or elsewhere within the city limits. Council concurred.

For items 8 through 11, Mrs. Marshall suggested changing the beginning phrase of each item to "Develop additional phase..." Council concurred with the revision.

Mr. Reich responded to brief clarification questions about the ordinance.

Noting the next steps in the process, Mayor Marshall asked City Clerk Myrna Basich to publish notices requesting applications for two citizen committees to write arguments for and against the propositions, for inclusion in the local voters pamphlet. On July 15, Council will adopt a resolution placing the parks and open space bond issue and the M&O levy on the September 17, 2002 ballot. Council will appoint the committees for and against the propositions from the list of applicants. These names and the resolution will be submitted to King County Records and Elections to place the measure on the ballot. Mrs. Marshall provided the email address and phone number for the City Clerk's Office and asked citizens to apply for the committees.

(c) Acquisition of Boeing site for Parks and Recreation Purposes

Resolution No. 6721 authorizing the sending of a letter to The Boeing Company indicating that the City has satisfactorily completed its feasibility evaluation pursuant to its proposed purchase of the Boeing property in Eastgate, that the City waives its feasibility contingency pursuant to the terms and conditions of the Purchase and Sale Agreement dated May 31, 2002, and that the City will proceed with the purchase of such property in the amount of \$3,530,000 pursuant to the terms and conditions of said Agreement.

Mr. Sarkozy opened the discussion regarding the City's purchase of a portion of the Eastgate Boeing site.

Mr. Foran said the purpose of tonight's presentation is to provide the results of the City's due diligence work at the Boeing property located in the Eastgate/I-90 Business Park. He introduced Dave McNeil of JGM Landscape Architects to provide a summary of the field study and analysis.

Mr. McNeil said JGM Landscape Architects conducted a due diligence study of Boeing's Eastgate site, which contains a former landfill and was formerly the site of the Bellevue airport. Additional consultants were engaged to complete the study. The project team assumed an active, multi-use park on the site in order to identify all potential issues.

Mr. McNeil said a geotechnical and environmental analysis was conducted by AMEC Earth and Environmental, focusing on landfill leachate-related compounds. AMEC's testing identified concentrations of landfill leachate compounds that were mostly non-detectable, or if detected, far below the state cleanup levels. In AMEC's opinion, there are no environmental or geotechnical issues that should preclude the City of Bellevue from purchasing the subject property for redevelopment as a park and all-weather playfields. AMEC recommends a low permeability soil or membrane liner to effectively eliminate any future leachate generation.

Mr. McNeil explained that SCS Engineers conducted a landfill analysis. The landfill was closed in 1964 and leachate collection systems were installed in the late 1970s. Construction of a landfill gas collection and combustion system occurred in 1986. SCS Engineers recommends that it is feasible and reasonable to redevelop the former Bellevue Airport landfill into an active, multi-use park. SCS recommends repair of the existing landfill gas collection and combustion system at an estimated cost of \$20,000 to \$50,000.

CH2M Hill was hired to conduct a stormwater management analysis. Mr. McNeil said the 18-acre potential park site is located within a 97-acre drainage basin of Phantom Lake. CH2M Hill recommends that Pond A is undersized and should be updated to meet new Department of Ecology stormwater requirements. CH2M Hill recommends that stormwater management can be accomplished at the site.

Mr. McNeil said The Watershed Company conducted a wetland, stream, and wildlife habitat analysis. One wetland, too small to be subject to legislation, was detected. No threatened or endangered species were found on the site. The Watershed Company reports no observed or regulatory wetland or wildlife conditions that would preclude development of a multi-use active park at the site.

Sparling, Inc. was hired to conduct an athletic field illumination analysis. Mr. McNeil said Sparling concluded there is adequate room to space the fields far from adjacent residential areas. Mature stands of Evergreen trees will serve as a buffer as well. Sparling feels this is an excellent location for sports fields that can be illuminated for evening use.

JGL Acoustics, Inc. was hired to conduct a noise analysis. Mr. McNeil said JGL found that the environmental noise generated by proposed park activities will meet acceptable daytime noise levels in the surrounding community. Park activities could extend beyond 8:00 p.m. to as late as 11:00 p.m., but this would likely require some type of noise management policies.

Mr. McNeil said City of Bellevue staff conducted a traffic analysis and a land use analysis. All public access to the park will occur from 160<sup>th</sup> Avenue. After reviewing the model run for the site, it is evident the park development would easily pass concurrency requirements. Staff does not anticipate any traffic impacts that would trigger significant traffic mitigation. Identified land use issues include some 40-percent slopes that could require mitigation and the potential need for light poles exceeding current height restrictions for the site.

Mr. McNeil said the overall conclusion of the study is that no fatal flaws exist to prevent development of an active, multi-use park. In fact, the site is well suited to park uses.

Mr. Mosher questioned the presence of commercial or toxic wastes on the site. Mr. McNeil said current testing by AMEC and SCS indicates the property is well within compliance for toxic control legislation and a good site for redevelopment. Responding to Mr. Mosher, Mr. McNeil confirmed that recommended measures such as a cap and improved stormwater detention facilities will lead to significantly improved water quality and water runoff management.

Responding to Mr. Lee, Planning and Community Development Director Matt Terry said the purchase and sale agreement provides that The Boeing Company will forever maintain and indemnify the City against any future liability associated with the landfill. Boeing will provide ongoing monitoring and testing on the site. In further response to Mr. Lee, Mr. McNeil said the Department of Ecology will provide oversight of the cap to be installed.

Mayor Marshall thanked Mr. McNeil for the presentation and all of the consultants for their expertise.

- ➡ Mr. Mosher moved to approve Resolution No. 6721, and Mr. Creighton seconded the motion.
- ➡ The motion to approve Resolution No. 6721 carried by a vote of 5-0.

Mrs. Marshall thanked Mr. Foran and Mr. Terry for their hard work on this agreement.

(d) Statutory Latecomer Agreement with Cougar Ridge East

Laurie Gromala, Transportation Assistant Director, opened the discussion about assessment reimbursement contracts, also known as latecomer agreements. RCW 35.72 provides authority for jurisdictions to establish assessment reimbursement contracts. These latecomer agreements allow a developer to recover some of the costs associated with required infrastructure improvements when property is eventually developed. Any property owner who receives a reimbursement assessment from the City for roadway improvements has the right to a public hearing prior to Council's vote on the latecomer's agreement. Council is the designated hearing

body. However, Council could establish a process delegating responsibility to hold the hearings and make a recommendation to a Hearing Examiner.

Ms. Gromala reviewed the benefits of establishing a latecomer agreement process:

- May encourage off-site improvements by developers.
- Transfers the cost of some improvements from the City to the development community.
- Improvements benefit multiple properties.
- Assessments are paid only upon development within 15 years.

Conversely, property owners may view such assessments as a property encumbrance as it will be recorded on the property title. Property owners may also object to the assessment method or amount.

Ms. Gromala said an assessment area would need to be identified in order to implement latecomer agreements. The City would determine which properties benefit from improvements, determine assessments, and mail the assessment notices to property owners. Property owners would receive an explanation of the process and their rights as property owners. They could then request a hearing within 20 days of receiving the notice. If Council chooses to designate the Hearing Examiner's Office to conduct the hearings, the Hearing Examiner would ultimately provide a recommendation to Council. Council's decision would be final on the matter.

Ms. Gromala said the City has received a request from Gold Creek Homes, the developer for the Cougar Ridge East plat. Gold Creek Homes has completed street improvements, street lights, and sidewalks on 166<sup>th</sup> Way SE/Nels Berglund Road. Twelve parcels are affected by a potential latecomer's agreement – three comprise the Cougar Ridge East plat, one parcel is unbuildable, one parcel is already developed and would not be subject to the assessment, and seven additional parcels would be subject to the assessment. Of these seven parcels, five are already involved in a Comprehensive Plan amendment (CPA) or rezone application process with the City.

Ms. Gromala displayed a map of the affected parcels. Cougar Ridge East developers were required to build to city standards for roadway links to SE Cougar Mountain Way. Several parcels along 166<sup>th</sup> Way SE/Nels Berglund Road benefit from the improvements. Ms. Gromala said the assessment methodology is based on frontage to the road that has been improved. She requested Council direction on the following issues:

- Should the City support the creation of latecomer agreements for roadway improvements?
- Should the Hearing Examiner hear property owners' issues and forward recommendations to City Council?
- Should staff pursue the Cougar Ridge East (Gold Creek Homes) latecomer agreement request?

Responding to Councilmember Lee, Development Review Manager Chris Dreaney said the proposed assessment is \$334 per lineal foot. For example, the assessment for the parcel at the north end of 116<sup>th</sup> Way SE (Sabour property) is \$99,030. The Ullman property would be assessed \$46,504. Ms. Dreaney said the assessments would occur if and when the properties are

developed. Mr. Lee questioned the City's control over ensuring that City standards are followed in the development. Ms. Gromala said Cougar Ridge East requested the latecomer agreement after the road had been designed and was almost completed. The road was constructed according to City standards. Transportation Director Goran Sparrman said the only improvements eligible for reimbursement are those required by the City.

Responding to Mr. Mosher, Ms. Dreaney said the Sabour property and properties to the south are involved in a pending Comprehensive Plan amendment and rezone application with the City. These parcels represent a maximum development potential of 28 lots. Cougar Ridge East contains 36 to 37 lots. Ms. Dreaney noted that lineal feet is one way of calculating this type of assessment.

In response to Mr. Noble, Ms. Gromala said if a developer no longer exists when an assessment becomes due, there would be no action because there would not be anyone to receive the funds. She noted that this is the first such request in Bellevue and the RCW is vague in terms of the overall procedure. Staff would look to the Utilities Department's handling of similar assessments for sewer and water extension agreements for guidance. Ms. Gromala said latecomer agreements would be established by ordinance. The City would collect payments during the permitting process. Responding to Mr. Noble, Ms. Dreaney said she has heard that King County and the City of Kirkland have implemented latecomer agreements. Mr. Noble requested further information on methodologies for determining assessment levels.

Responding to Mayor Marshall, Ms. Gromala said property owners would be assessed upon development, even if they do not directly access 166<sup>th</sup> Way SE/Nels Berglund Road, because they are adjacent to and have frontage along the road. At Mrs. Marshall's request, Ms. Dreaney provided assessment values for the remaining parcels: Exsterstien, \$112,079; Bonebright, \$50,184; Lyon, \$41,151; Yeakel, \$6,022; Roberts, \$52,861; and Corry, \$33,456 (undevelopable). Ms. Gromala explained that the Corry property would have to be consolidated with other parcels in order to be developed.

Mrs. Marshall noted the potential for the City to use a portion of the Sabour property for storm and surface water detention and questioned whether the City would be assessed under a latecomer agreement. Ms. Gromala was unaware of this potential use. If it were to be used for this purpose, this would not necessarily be associated with a building permit which is the trigger for the latecomer agreement assessments.

Responding to Mr. Lee, Ms. Gromala said the City would propose a method of assessment and the Hearing Examiner would make a recommendation regarding the fairness of the assessment based on comments at the hearing. Council would then make the final decision. In further response, Ms. Gromala said the Hearing Examiner would review applicable law, ensure the law and assessment are applied correctly, package the public comments into an accessible form, and make recommendations for Council. She noted that Council can choose to not involve Hearing Examiners in the process. Mr. Sparrman clarified the law requires a hearing, whether before Council or a Hearing Examiner.

Responding to Mr. Creighton, Ms. Dreaney said frontage improvements were required of Cougar Mountain Meadows when they developed their parcel. At that time, Cougar Mountain Meadows entered into an agreement with Cougar Ridge East for the required improvements.

Responding to Mr. Mosher, Ms. Gromala said the assessment for Cougar Ridge East's three parcels would be \$334,571.

- ➡ Mr. Creighton moved to direct staff to: 1) prepare an ordinance providing for the Hearing Examiner to hear property owners' issues for Council consideration, and 2) mail preliminary determination of area boundaries and assessments, as well as a description of the property owners' rights, to the property owners of record within the proposed Cougar Ridge East Plat assessment area. Mr. Mosher seconded the motion.

Mr. Lee questioned whether the City would be reimbursed for the administrative costs associated with the hearing process. Ms. Gromala said there currently is not a process for the reimbursement of City costs. Mrs. Marshall questioned any liability implications for the City. Ms. Gromala said if the motion is approved, staff will return to Council with an ordinance to establish the Hearing Examiner process and a fee ordinance based on estimated administrative costs.

Responding to Mr. Noble, Ms. Gromala said if tonight's motion is approved, a hearing would be held and Council would then take action on an ordinance creating the assessment district.

- ➡ The motion to direct staff to: 1) prepare an ordinance providing for the Hearing Examiner to hear property owners' issues for Council consideration, and 2) mail preliminary determination of area boundaries and assessments, as well as a description of the property owners' rights, to the property owners of record within the proposed Cougar Ridge East Plat assessment area, carried by a vote of 5-0.

Mr. Lee would like information from staff regarding the reimbursement of administrative costs.

- ➡ Mr. Mosher moved to direct staff to prepare a fee ordinance designed to cover administrative costs of an assessment reimbursement contract (latecomer agreement) process, and Mr. Lee seconded the motion.
- ➡ The motion to direct staff to prepare a fee ordinance designed to cover administrative costs of an assessment reimbursement contract (latecomer agreement) process carried by a vote of 5-0.

At 8:45 p.m., Mayor Marshall declared a break. The meeting resumed at 8:51 p.m.

(e) Budget Review Session

Mr. Sarkozy opened the discussion regarding operating expenditures and compensation policies and practices.



Interim Finance Director Gary Ameling reviewed key operating expenditure policies:

- Expenditures should be within current resource projections.
- One-time resources and non-recurring ending fund balances will be applied to reserves or to fund one-time expenditures. They will not be used to fund ongoing programs.
- Department budgets should be thoroughly examined for potential savings.
- Adjust base expenditure budgets for inflation to maintain service quality, making any necessary upward or downward adjustments for exceptions (e.g., natural gas price increases).
- Assessment of alternatives for service additions. Mr. Ameling said departments are required to submit a cost-benefit analysis of alternatives for any service enhancement requests. New services must compete with existing services, which sometimes results in program tradeoffs.
- Commitment to high-quality service programs. If expenditure reductions are necessary, service elimination is preferable to poor or marginal quality programs.

Moving to Council's "memory bank" items, Mr. Ameling recalled Council's interest in a zero-based budget approach. He explained that 43 percent of the operating budget represents personnel and benefits costs. For each biennial budget cycle, this component of the budget is subjected to a detailed evaluation and recosting for every position. Maintenance and operations represents 52 percent of the operating budget. Staff recommends a more detailed review and zero-based budgeting approach for two areas of the operating budget – professional services and repair/maintenance services by outside firms. Mr. Ameling reviewed a breakdown of 2001 maintenance and operating costs:

- Debt service, 3.6%
- Intergovernmental services and taxes, 4.2%
- Supplies, 5.2%
- Water purchased from Seattle, 6%
- Metro sewer treatment services, 12%
- Interfund service payments, 19% (Includes charges to City department for services by other City departments such as Facilities and Information Technology)
- Operating transfers to other funds, 25.6% (Examples include General Fund subsidies to the Development Services Fund and Parks Enterprise Fund, utility transfers to Utilities CIP program, and hotel/motel tax transfers to Bellevue Convention Center Authority.)
- Other services and charges, 24.5%. Mr. Ameling said the two categories he mentioned as potential areas for a zero-based budgeting approach, professional services and repair/maintenance, represent 57% of this component. Other large expenses in this component are utility payments, insurance premiums, and settlement payments.

The next memory bank item is controlling government growth. Mr. Ameling said the use of limited-term employees (LTEs) has proven to be a cost-effective staffing approach. Staff evaluates City programs on an ongoing basis using a variety of methods including performance measures and customer/citizen surveys. Interdepartmental coordination and collaboration is another area that provides opportunities for service delivery efficiencies. Mr. Ameling said staff periodically reviews competition-based service delivery alternatives. For example, approximately 19 percent of all staffing hours within the Parks Department are performed by outside services, which has proven to be more cost-effective than providing the services in-

house. Similarly, the City started contracting out for server/network services last year to reduce costs.

Mr. Mosher expressed support for staff's use of performance measures and ongoing efforts to create efficiencies in service delivery.

Mayor Marshall requested an itemization of limited-term employees within the City and information about how Bellevue compares to other cities in terms of staffing levels. Mr. Creighton would like to see data on Bellevue's staffing levels over the past few years.

Mayor Marshall encouraged the identification and possible elimination of marginal programs that are no longer pertinent or needed. She requested more information about parks maintenance services provided by contract firms: How are the firms selected? Are only union firms allowed to bid? Why did a recent tree planting cost so much?

Mr. Mosher agreed with staff's recommendation to apply a zero-based budgeting approach to professional services and repair/maintenance services. Council concurred.

Noting that innovation is one of the City's five core values, Mr. Ameling said the City encourages employee innovation through a citywide Special Recognition Award program and departmental recognition programs. He suggested Council might want to consider establishing a budget savings program. For example, some cities allow departments to carry savings forward into the next budget cycle to pursue new ideas and services.

Mr. Mosher favors incentive and award programs. He feels it is appropriate for the City Manager and staff to develop rewards that will encourage innovation and creativity.

Mr. Sarkozy described an additional program, the Innovation Fund, which provides seed money for innovative ideas. One criticism of this fund is that ideas must demonstrate a cost savings. Mr. Sarkozy suggested that many innovations might not have an immediate monetary impact but could still be worthwhile in terms of enhancing services for citizens or providing a future benefit.

Mr. Mosher is open to changing the Innovation Fund's criteria to expand its use. Mr. Lee concurred, particularly with respect to technology projects.

Mr. Sarkozy introduced the next discussion about compensation policies and practices. Yvonne Tate, Human Resources Director, began the presentation by stating that the City's compensation policies should support the City's core values, attract and retain employees, provide internal consistency and stability, pay fairly but control costs, and continually build a high-performance culture.

Ms. Tate recalled that the citywide 2000 Compensation and Classification Study resulted in updated policies and practices beginning in 2001. The study was completed in approximately 14 months and addressed many long-standing issues associated with an outdated compensation and classification system. The system was no longer competitive and the City was experiencing

difficulties in attracting and retaining staff. Internal equity was an issue with some positions overclassified and some underclassified. Employee morale had also become an issue. Ms. Tate said the 2001-2007 forecast covered estimated cost increases following the comp/class study of approximately 2.36 percent (\$1.7 million) per year.

The 2001 comp/class implementation was market based with pay ranges to be set at 103 percent of the market. Ms. Tate said the City had lost employees in recent years, reflected in a 10.2 percent employee turnover rate in 1999. The comp/class study evaluated whether jobs are classified correctly in terms of the market and internal consistency. A new rating system was implemented in January 2001 to link performance ratings to the percentage of pay increase. Ms. Tate said the City has increased its emphasis on early and prompt performance counseling and evaluation. Special Recognition Awards for extraordinary performance totaled \$55,000 in 2001.

In response to Mr. Lee, Ms. Tate said the maximum award is \$1,500 and many awards were in the \$75 to \$200 range. Compensation Manager Paula Itaoka said approximately 12 percent of non-represented employees received awards and the average award was \$562.

Continuing, Ms. Tate said cost of living adjustments were modified in 2001 to be based on 90 percent of the CPI and to maintain the City's market position. A periodic true-up of these rates is planned for 2003. Ms. Tate displayed a table of projected salary growth through 2008. She noted that merit raises decrease over time as employees move up through their salary ranges. Average salary increases (COLA and merit combined) are expected to decrease from 8.03 percent in 2002 to 4.58 percent in 2008.

Mr. Lee expressed concern that employees no longer receive merit increases if they reach the top of their salary range. Ms. Tate said the dilemma is that if merit increases are continued, the City could end up paying above the market for some positions. She said some organizations address this issue by providing lump sum payments on an annual basis instead of salary increases. Mr. Noble noted these employees do continue to receive COLA adjustments so their salaries do not remain stagnant. Ms. Tate commented that the City has followed a COLA/merit system for the past 20 years.

Mayor Marshall recalled discussions a couple of year ago about creating additional structure for performance requirements. She expressed concern that a 4 percent rating includes the phrase "employee occasionally fails." Mrs. Marshall requested the development of more robust criteria for performance ratings prior to the conclusion of this budget cycle. Ms. Tate confirmed staff's interest in refining the definitions and ratings as well.

In closing, Ms. Tate acknowledged that the recent economic downturn warrants a review of compensation and benefits. She said the Leadership Team will evaluate compensation policies and practices to identify strategies and develop recommendations for Council consideration.

Mr. Lee recalled Council's discussions a few years ago and the establishment of compensation policies that were intended to control government growth and contain costs. He noted that the full implications of escalating personnel costs have become apparent over time. He feels the opportunity now exists for Council to make adjustments and rein in costs.

Mr. Creighton reminded Council that compensation includes both salary and benefits. He said the private sector monitors not only salary ranges but revenue per employee as a way of measuring whether staffing levels are appropriate. He suggested a similar approach for the City based on population instead of revenue.

Mayor Marshall reiterated Council's commitment to employees and appreciation for high-quality staff. Council looks forward to working together with the City Manager and Leadership Team to trim the budget and address the revenue shortfall. Mrs. Marshall said it is important to treat union and non-represented employees equitably and fairly.

Ms. Tate commended Council for its proactive attention to fiscal management over the past few years.

Mr. Sarkozy said he appreciates Council's support of employees and the compensation system. Staff will work to develop a proposal that retains the positive features of the system while also addressing necessary cost-cutting measures.

Mayor Marshall declared the meeting adjourned at 9:52 p.m.

Myrna L. Basich  
City Clerk

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